

# GenesisCapital

## Hire Purchase

Because an HP agreement covers most, if not all, of the useful life of the asset being financed, the accounting and taxation treatment classifies the business as the owner of the asset, even if a small payment is required at the end of the term of the agreement to gain title to the asset.

The total cost of the asset will therefore be shown on the balance sheet, with the payment shown as a liability. As payments are made, the liability reduces and the interest element of each payment is charged against profits as an expense. So, if a business buys an asset on HP, they can claim the capital allowances – therefore offsetting the expenditure against taxable profits. The business will reflect in its profits the annual depreciation of the asset.

## Loans and mortgages

We can arrange both short term (from 3 months) and long term (up to 10 years) loan facilities, on either a secured or unsecured basis, and for a wide range of applications including:

- Purchase of commercial property
- Refurbishment of existing property or assets
- Business expansion
- Recruitment
- Working capital
- Maintenance and support agreements
- Corporation tax bills
- VAT bills
- PI insurance premiums

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